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Georgia State University

a unit of the university system of georgia

university plaza
atlanta, georgia 30303

college of business administration
economic forecasting project
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MONTHLY PROJECTIONS
OCTOBER 1984

Dr. Donald Ratajczak, Director
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INVENTORY CORRECTION CREATES RECESSION-LIKE CONDITIONS INTO OCTOBER

Except for duration, all the indicators are consistent with recessionary behavior in September. The diffusion index of employment gains showed an increase of only 38%. The index used by purchasing managers to show expansionary tendencies fell below 50%, levels consistent with economic decline. Our estimates of real GNP showed a modest decrease in September. Industrial production fell, and only one-fourth of the decline could be attributed to the GM strike disruption. Of course, credit demands receded, as they normally do during an inventory contraction, while interest rates fell sharply. Also, the ratio of the money stock to the monetary base fell to levels that normally develop only during recessions. In short, all the production, employment, and credit market pressures showed signs of recessionary conditions.

Fortunately, enough non-recessionary characteristics prevailed to indicate that a return to increasing economic growth is only a month away. First, the workweek expanded in virtually all industries, even those where employment was falling sharply. Concern about the magnitude of the GM strike may have discouraged manufacturing industries from replacing natural turnover, at least until the strike issue was resolved. In the meantime, those industries were extending their hours to meet their current order commitments even as their payrolls were shrinking. A continuation of GM disruptions in Canada through most of October may not permit a significant rebound in that month. However, activity is expected to regain significant upward momentum in November.

Second, consumers vigorously returned to the marketplace in September. The savings rate shot up sharply in the summer months but returned to a more normal level in September. Lack of automobile availability will continue to restrain consumer purchases of durable goods through October, but substantial consumer support for the economy is anticipated during the important Christmas season. As the consumer entered the marketplace even as producers were reducing their levels of production to eliminate excess holdings of materials, any imbalances between sales and inventories that developed during the July and August consumers' vacation should be eliminated by the end of October.

Third, the substantial weakness in credit market pressures that developed while excess inventories were being pared should have some longer term favorable effects upon housing activity and investment. However, housing is being stymied

by falling interest rates, as potential buyers step to the sideline to see how cheap their financing will become. As the economy regains strength later in the fall, these declining interest rates should vanish and a healthy sales market for single-family housing should return. Thus, the low point for housing probably will be during the first quarter at slightly less than 1.5 million units. Construction then will be trending upward for the remainder of 1985.

Surprisingly, the dollar remains strong almost throughout this period of weakening economic activity and declining short-term interest rates. Indeed, the dollar's strength probably insures weakness in net exports through much of 1985. Fortunately, weakening market control of oil by OPEC will largely offset the adverse effects of continuing strength in the dollar. Our position is that prices of light distillates are too high relative to heavy crude as a result of substantial refinery investment that permits use of the heavier energy materials. Although production curtailments by OPEC may initially prop up all oil prices, some change in the price differential will be necessary in order to reflect this new refining reality. Thus, we believe that light oil will fall by $2 per barrel while no other declines in oil prices are likely. The impact of this decline will be to slow the increase of the Consumer Price Index by 0.4% from what otherwise would have prevailed. The Producer Price Index will slow by 0.7%. However, long-term treasury securities already have incorporated that magnitude of lessened inflationary pressure into their market bids. Thus, no further positive effects upon credit markets are anticipated unless OPEC prices are different from those anticipated above.

Finally, the performance of equity values must be viewed as quite discouraging in view of significant declines in both short and long-term interest rates. Indeed, our equity market formula would suggest that corporate profitability must be declining for the stock market to show the minimal gains that developed despite significant interest rate declines. Of course, our fourth quarter estimates of gains in nominal GNP suggest just that. Operating profits probably are declining by $2-$3 billion in the fourth quarter. Moreover, inventory profit actually fell into negative territory late in the third quarter. Unless commodity prices collapse, it is unlikely that further gains in profit quality can be achieved through diminished inventory valuation. Also, about 75% of prevailing capital now is under ACRS rules. Capital spending at this point will do little to increase the capital consumption adjustment. Although the quality of earnings could improve by an additional $5 billion because of the capital consumption adjustment factor in 1985, it is clear that little further gains in the quality of profitability can now be achieved. When both the reduced profitability and prospects for no further gains in profit quality are combined, the near-term outlook for equity markets is not good. Only a substantial decline in interest rates could create further gains in equity values. However, such further declines would require that recessionary conditions persist. It is unlikely that equity ownership can be favored under such circumstances.

QUARTERLY PROFILE OF GNP

	1984-2	1984-3	1984-4	1985-1	1985-2	1985-3
Real:	7.1	2.9	2.6	4.0	3.7	3.1
Price:	3.3	3.8	3.7	5.0	4.7	4.8
Nominal:	10.7	6.8	6.4	9.2	8.6	8.1

Monthly Statistical Highlights for October 1984

Payroll employment +132,000; index of hours worked -0.1%; household employment +326,000; civilian unemployment rate 7.5%; personal income +0.5%; savings rate 5.9%; personal consumption +0.7%; retail sales +0.6%; auto sales 10.0 million; housing starts -5.5%; housing permits -0.6; construction expenditures -0.1%; business inventories +0.6%; orders for durable goods +0.8%; orders for nondefense capital goods +2.0%; industrial production +0.3%; CPI +0.4%; PPI +0.3%; consumption deflator +0.4%; leading indicators -0.1%; real GNP +2.2%; M1 -3.2%; M2 7.4%.

Monthly Statistical Highlights for November 1984

Payroll employment +168,000; index of hours worked +0.3%; household employment +199,000; civilian unemployment rate 7.5%; personal income +0.7%; savings rate 5.7%; personal consumption +1.0%; retail sales +1.4%; auto sales 10.5 million; housing starts -3.7%; housing permits -3.0%; construction expenditures -0.4%; business inventories +0.7%; orders for durable goods +1.7%; orders for nondefense capital goods +1.0%; industrial production +0.4%; CPI +0.2%; PPI +0.2%; consumption deflator +0.2%; leading indicators +0.4%; real GNP +6.7%; M1 +6.3%; M2 +9.4%.

COMMENTARY

Employment - Initial unemployment claims continued to rise through the middle of October, when claims rose to 392,000. However, most unemployment is of short duration, as the insured unemployment rate fell slightly to 2.6% from a month ago. It appears that a modest rebound in manufacturing employment is developing while construction employment is expected to decline. Significant gain should continue in retail trade, but no significant growth is expected in health services or in local government.

Personal Income and Outlays - An unexpected rebound in farm income during September generated greater increases in personal income than expected even as wage and salary employment, impacted by the GM strike, was below anticipations. Farm income is not expected to remain at the $31 billion recorded in September. Indeed, farm income is expected to average only $25 billion in 1985. Moreover, interest income is not expected to continue growing at the 20% rates that were recorded in September. For that reason, personal income should grow more slowly in the months ahead even as a rebound develops for wage income in November after the GM strike is settled.

Outlays confirmed the rapid increases recorded in retail sales. Nondurables rebounded by $16.4 billion, as all facets of nondurables grew

sharply. The service sector showed surprising strength even with a slowing in financial services. Financial services should rebound during October. Automobile sales are being restricted by lack of availability. Units should decline in October, although price increases are sufficient to insure that durable goods spending will be up slightly. A sharp rebound in automobile sales is anticipated in November, however, as more units become available.

Construction - Housing starts were surprisingly strong in September despite the anticipated weakness in housing permits. A 252,000 gap between starts and permits is unusually large and probably represents starts because of especially favorable weather. Unusually dry weather in the south may have accounted for that region showing the strongest gains in starts. If so, declining starts in October will reflect a return to more normal weather. Despite the decline in interest rates, single-family sales are expected to continue eroding until interest rates have stabilized. This should be achieved by the end of the fall. Then a significant upward trend in single-family activity should develop. However, an overhang in multi-family units will prevent that segment of the housing market from rebounding until the second half of 1985.

The slippage in housing starts anticipated for the fall should lead to lower construction spending for residential purposes than originally projected. In addition, nonresidential activity continues to show surprising sluggishness following its first half surge. Public construction once again is being delayed by Congressional inaction. While modest growth is anticipated through the fall, lack of federal government disbursements of highway transfer funds may cause even weaker performance than contained in our projections. Nevertheless, construction should reach its low point for this cycle early in 1985 and should become a contributing factor to economic growth later in that year.

Business Activity - Orders for nondefense capital goods increased in September, but shipments grew even more sharply. Orders should grow further. Shipments cannot sustain their current levels without such an increase. Defense shipments and orders did just the reverse. Both fell sharply with no additions to backlog at the present time. Of course, reductions in transportation equipment shipments accounted for most of the significant dropoff in durable goods orders. When the transportation and defense conditions are considered, almost all the decline in durable goods orders is explained. Transportation shipments will remain low in October, while defense orders should rebound. A return to more substantial orders is likely in November.

Prices - Pricing distortions were as large as expected in our previous analysis, as the CPI increased 0.4% despite an announced 0.2% decline in the PPI. However, a surge in the PPI no longer appears likely for October because of significant weakness in prices for petroleum products. Some of that price weakness, however, will not be passed on to the consumer. Indeed, retail prices of petroleum products are out of phase with prevailing prices for crude materials. Thus, a modest price decline in crude energy materials would merely re-establish appropriate balance between all stages of petroleum products. Nevertheless, prospects for declining oil prices along with the recent surge in currency values has led to a downward revision in price projections for all sectors except services. Service prices, however, have been revised upward because of stronger increases in wages than originally projected. Indeed, commodity prices are rising at less than a 3% rate while prices in the service sector are beginning to exceed a 6% growth path.

Miscellaneous - Although the Secretary of Commerce has indicated that a rebound to 4% real GNP growth during the fourth quarter could be anticipated, our monthly analysis clearly shows that such a surge is unlikely. Activity remains sluggish well into October, thus generating a gain in real GNP only slightly above third quarter averages. While a substantial rebound in activity is expected in November and reasonably robust gains should also develop in December, the quarter will only generate 2.5% real GNP growth according to our analysis.

The strong dollar has necessitated an upward revision in the trade deficit, but the decline in oil prices has led to a reverse adjustment. The net result is little change in the trade balance over the next twelve months with trade deficits running at $125 billion.

FINANCIAL MARKETS

Short-term interest rates tumbled more sharply than had been expected as the inventory correction greatly reduced the demand for money. Indeed, the Federal Reserve's reluctance to permit whatever federal funds rate would be necessary to achieve money growth targets led to an actual withdrawal of reserves from the banking system during October. This weakness is expected to be temporary, with money demand picking up significantly before the end of 1984. As a result, the federal funds rate should once again cross into double-digit territory. However, the current prime rate of 12.0% should prevail for the remainder of this year.

According to our analysis, the household sector is reducing its savings. At the same time, however, it is reducing its increase in mortgages outstanding. The net effect is a slight net withdrawal of the household sector from the credit markets. After the inventory adjustment has been completed sometime in October, the corporate sector will discover that internally generated funds are inadequate to maintain investment programs. Thus, corporate borrowings are expected to begin intensifying in October and should increase significantly as the fall progresses. Government borrowings are expected to gradually increase as receipts no longer are growing robustly relative to expenditures. However, the Social Security tax increase in January 1985 should temporarily reduce government deficits in that quarter. Finally, the weakening of economic activity and corporate profitability in the United States and the downtrend in the federal funds rate should diminish the ardor of foreign investors for American assets. To be sure, evidence of the shift in foreign investor sentiment remains absent. The dollar has declined modestly in value, but the sharp decline in short-term interest rates in the United States certainly can account for that reaction.

When all the factors are combined, a modest argument for increasing interest rates pressures in the fall and winter months can be established. More significant interest rate pressures could develop in the spring, especially if the household sector begins increasing its holdings of mortgages outstanding while diminishing its rate of savings. Of course, the corporate sector is expected to continue being significant borrowers through the first half of 1985. Thus, interest rates are expected to trend upward. Indeed, interest rates may well have reached their low point for this latest rally in October. It is instructive that longer term tax exempt and corporate bonds have not exhibited the rally

that has flourished in the long-term government bond market. Without support from these other long-term instruments, the government rally must be viewed with suspicion.

Equity Markets - Corporate profits almost certainly are falling during the fall quarter. They may show a modest rebound during the winter months, but the combination of reduced revenue growth, increased wage pressures, and a re-emergence of growing interest costs should re-establish a profit squeeze in the spring. As this profit squeeze is expected to coincide with rebounding interest rates, equity values are expected to be under downward pressure. We still see an objective of 1100 on the Dow Jones index early in 1985. Later in the year modestly improved profitability and the potential for re-emergence of declining interest rates should re-establish opportunities for equity investment.

EMPLOYMENT

	Payroll Employment		Index of Hours Worked		Household Civilian Employment		Civilian Unemployment Rate		Hourly Earnings Index	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	93449	93449	112.0	112.0	104402	104402	7.8	7.8	159.9	159.9
May	93768	93786	112.0	112.0	105288	105288	7.5	7.5	159.6	159.6
June	93970	94135	112.6	112.7	105748	105748	7.1	7.1	160.3	160.3
July	94286	94350	112.9	112.6	105879	105395	7.3	7.5	161.1	160.8
August	94533	94532	113.2	112.6	106220	104969	7.1	7.5	161.5	160.6
September	94795	94671	113.6	113.2	106575	105239	7.0	7.4	161.8	161.7
October	94762	94803*	113.3	113.1*	106537	105655*	7.0	7.5*	162.4	162.2*
November	94897	94971	113.7	113.4	106895	105764	7.0	7.5	163.0	162.9
December	95416	95138	114.0	113.5	107181	105961	6.9	7.5	163.5	163.5
January 1985	95584	95386	114.3	113.7	107489	106230	6.9	7.3	164.3	164.2
February	95727	95554	114.6	113.9	107646	106441	6.9	7.3	165.3	164.9
March	95960	95638	115.0	114.0	107890	106560	6.7	7.3	166.2	165.7
April	96092	95802	115.0	114.1	108134	106785	6.6	7.3	166.9	166.4
May	96243	95970	115.2	114.3	108363	107130	6.6	7.1	167.6	167.2
June	96385	96138	115.4	114.5	108592	107183	6.5	7.1	168.2	167.9
July	96538	96303	115.6	114.6	108748	107524	6.5	7.0	169.1	168.7
August	96705	96471	115.7	114.8	108915	107759	6.6	7.0	170.0	169.5
September	96874	96636	115.9	114.9	109093	107954	6.7	7.0	170.9	170.3

PERSONAL INCOME

	Personal Income		Wage & Salary		Personal Savings		Disposable Income		Personal Outlays	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	2.969	2.969	1.785	1.785	162.3	158.4	2.545	2.544	2.383	2.385
May	2.981	2.979	1.789	1.790	142.9	132.1	2.554	2.549	2.411	2.417
June	3.005	3.007	1.802	1.804	156.8	143.9	2.573	2.570	2.417	2.426
July	3.028	3.027	1.814	1.812	163.1	158.5	2.591	2.587	2.428	2.428
August	3.050	3.045	1.825	1.816	157.9	174.2	2.609	2.603	2.451	2.429
September	3.061	3.071	1.827	1.828	142.9	161.5	2.616	2.625	2.473	2.463
October	3.074	3.087*	1.830	1.835*	144.7	156.2*	2.626	2.637*	2.481	2.481*
November	3.105	3.110	1.852	1.848	159.7	151.4	2.653	2.656	2.493	2.505
December	3.123	3.127	1.864	1.856	152.2	144.1	2.667	2.669	2.515	2.525
January 1985	3.140	3.146	1.877	1.870	148.2	142.4	2.680	2.685	2.532	2.543
February	3.164	3.166	1.892	1.882	151.3	144.2	2.699	2.701	2.548	2.557
March	3.188	3.188	1.908	1.894	155.7	146.0	2.719	2.719	2.563	2.573
April	3.209	3.208	1.918	1.905	157.5	147.2	2.737	2.735	2.579	2.588
May	3.234	3.232	1.929	1.919	163.7	151.1	2.760	2.755	2.596	2.604
June	3.260	3.253	1.938	1.931	169.0	154.1	2.781	2.773	2.612	2.619
July	3.281	3.273	1.951	1.942	168.3	156.6	2.797	2.789	2.629	2.632
August	3.301	3.296	1.964	1.956	166.5	163.3	2.811	2.808	2.645	2.645
September	3.320	3.317	1.977	1.968	166.2	166.7	2.826	2.825	2.660	2.658

Fore. = August Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

CONSUMPTION

	Personal Consumption		Durables		Nondurables		Services		Consumption Real	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	2307.7	2310.1	309.7	309.7	855.3	855.3	1142.7	1145.1	1053.2	1053.9
May	2334.0	2340.1	324.0	325.4	859.8	860.0	1150.2	1154.8	1065.4	1067.7
June	2338.4	2347.9	322.5	326.9	858.3	859.7	1157.6	1161.2	1066.5	1071.1
July	2349.1	2348.7	323.2	320.2	860.6	859.2	1165.3	1169.2	1067.8	1064.8
August	2371.1	2347.8	324.4	313.6	867.3	856.1	1179.4	1781.8	1073.9	1058.5
September	2391.9	2381.3	325.6	318.1	880.0	874.5	1186.3	1188.7	1078.9	1070.3
October	2399.3	2398.0*	323.8	319.7*	880.9	880.0*	1194.6	1198.3*	1078.3	1074.1
November	2410.5	2420.9	322.7	329.5	884.0	884.5	1203.8	1206.9	1079.5	1082.3
December	2431.0	2440.3	330.6	332.7	887.4	892.9	1213.0	1214.7	1084.3	1087.7
January 1985	2447.0	2457.0	332.9	337.0	892.5	896.7	1221.6	1223.3	1087.6	1091.3
February	2461.9	2470.3	333.8	337.1	897.6	900.6	1230.5	1232.6	1090.8	1092.6
March	2476.5	2485.5	333.8	338.4	902.1	905.6	1240.6	1241.5	1093.9	1095.1
April	2491.7	2499.4	335.1	339.6	907.3	909.5	1249.3	1250.3	1096.2	1097.0
May	2507.5	2514.6	336.3	342.3	912.0	913.4	1259.2	1258.9	1098.8	1099.6
June	2522.2	2528.6	337.6	343.1	916.7	917.7	1267.9	1267.8	1100.0	1101.5
July	2537.9	2541.1	339.7	342.5	920.9	921.1	1277.3	1277.5	1103.0	1102.1
August	2552.8	2552.4	341.1	340.6	925.3	924.9	1286.4	1286.9	1105.6	1102.3
September	2567.1	2564.9	341.9	339.9	929.4	929.2	1295.8	1295.8	1107.9	1102.9

RETAIL SALES

	Retail Sales		Non-Auto Durables		Auto (Million Units)		Nondurable Sales		Auto Sales	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	107.51	107.51	15.37	15.37	10.1	10.2	70.07	70.07	22.07	22.07
May	108.24	108.24	15.49	15.49	11.0	11.0	70.33	70.33	22.42	22.42
June	108.78	109.32	15.50	15.71	10.8	10.8	70.42	70.64	22.86	22.98
July	108.94	107.44	15.71	15.44	10.7	10.6	70.50	69.99	22.73	22.02
August	109.77	106.81	15.77	15.58	10.8	9.9	71.05	70.15	22.95	21.08
September	110.81	108.52	15.69	15.52	10.8	10.2	72.09	71.64	23.03	21.36
October	110.67	109.19*	15.76	15.62*	10.6	10.0*	72.17	72.09*	22.74	21.45*
November	110.80	110.69	15.93	15.73	10.3	10.5	72.42	72.46	22.45	22.50
December	112.02	111.72	15.88	15.81	10.9	10.6	72.70	73.15	23.44	22.76
January 1985	112.71	112.53	15.90	15.87	11.0	10.8	73.12	73.46	23.69	23.20
February	113.22	112.86	16.09	16.03	10.9	10.7	73.53	73.78	23.60	23.05
March	113.60	113.47	16.19	16.01	10.8	10.8	73.90	74.19	23.51	23.27
April	114.18	113.88	16.25	16.06	10.8	10.8	74.33	74.51	23.60	23.31
May	114.70	114.52	16.46	16.17	10.7	10.9	74.71	74.83	23.55	23.52
June	115.25	114.96	16.37	16.24	10.8	10.9	75.10	75.18	23.78	23.54
July	115.84	115.17	16.37	16.31	10.9	10.8	75.44	75.46	24.03	23.40
August	116.36	115.26	16.65	16.47	10.8	10.6	75.80	75.77	23.91	23.02
September	116.80	115.53	16.64	16.55	10.8	10.5	76.14	76.12	24.02	22.86

Fore. = August Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

BUSINESS ACTIVITY

	Manufacturers' Inventories		Durable Goods Orders		Non-Defense Capital Goods Orders		Non-Defense Capital Shipments	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	270.4	270.4	98.32	98.32	25.89	25.89	24.80	24.80
May	274.6	274.6	102.26	102.26	28.96	28.96	25.89	25.89
June	277.8	277.5	99.83	99.17	28.08	28.03	27.04	26.89
July	280.3	280.0	97.78	101.70	27.63	27.65	26.56	25.86
August	282.6	283.5	98.72	102.02	27.85	26.50	26.94	26.05
September	285.4	285.2*	99.63	97.61	28.43	27.10	27.47	27.46
October	288.1	287.1	99.67	98.43*	28.40	27.63*	27.55	27.15*
November	290.3	289.8	100.39	100.06	28.32	27.92	27.67	27.29
December	292.3	291.5	101.27	98.95	28.57	27.90	27.80	27.43
January 1985	294.8	293.3	103.43	100.92	29.18	28.47	28.15	27.68
February	297.1	295.2	103.76	100.73	29.20	28.43	28.46	27.94
March	299.8	296.8	104.68	101.96	29.53	28.68	28.79	28.16
April	302.2	298.5	103.78	102.41	29.50	28.55	28.85	28.39
May	305.7	301.3	105.14	102.76	29.63	28.92	28.93	28.62
June	307.8	303.4	104.88	102.28	29.71	28.78	28.93	28.55
July	310.4	305.7	106.62	103.67	30.12	29.03	29.01	28.78
August	313.2	307.8	107.18	104.29	30.28	29.41	29.50	28.95
September	315.7	310.1	107.50	104.78	30.37	29.68	29.76	29.14

	Business Inventories		Defense Shipments		Industrial Production		Capacity Utilization	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	541.1	541.1	5.99	5.99	162.2	162.2	81.5	81.5
May	545.9	545.9	5.75	5.75	162.7	162.9	81.5	81.6
June	550.8	546.8	5.92	5.98	164.1	164.4	82.0	82.2
July	556.3	551.2	6.06	5.99	165.2	165.8	82.3	82.7
August	560.5	556.2	6.18	6.13	166.3	166.1	82.6	82.6
September	564.7	558.2*	6.36	5.88	166.5	165.1	82.5	81.9
October	569.3	561.6	6.35	6.03*	166.2	165.6*	82.1	82.0*
November	573.9	565.5	6.43	6.14	166.7	166.3	82.2	82.2
December	578.1	569.7	6.52	6.29	167.3	167.0	82.4	82.4
January 1985	582.2	574.3	6.60	6.35	167.9	167.3	82.5	82.4
February	586.9	578.5	6.70	6.42	168.5	167.6	82.6	82.4
March	591.8	582.3	6.79	6.53	169.1	168.0	82.8	82.5
April	594.7	586.2	6.91	6.65	169.4	168.4	82.8	82.6
May	599.3	591.7	7.01	6.77	169.6	168.7	82.7	82.6
June	606.6	595.8	7.12	6.89	169.9	169.0	82.7	82.5
July	613.4	601.4	7.23	7.01	170.3	169.0	82.7	82.2
August	617.3	606.2	7.35	7.12	170.7	169.2	82.7	82.1
September	620.8	611.7	7.48	7.23	171.0	169.3	82.8	82.0

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CONSTRUCTION

	Housing Starts		Single Family Starts		Housing Permits		Construction Expenditures (Current)		Construction Expenditures (Real)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	2.015	2.015	1.196	1.196	1.758	1.758	305.3	308.6	189.3	188.9
May	1.794	1.794	1.151	1.131	1.745	1.745	311.3	316.4	194.3	193.4
June	1.886	1.877	1.068	1.084	1.776	1.776	310.6	315.3	195.8	193.8
July	1.763	1.754	1.036	0.990	1.624	1.565	314.1	311.2	196.9	191.0
August	1.707	1.539	1.015	0.932	1.582	1.506	317.4	311.7	198.0	190.9
September	1.696	1.676	1.027	1.009	1.556	1.424	319.5	312.5*	198.4	191.0*
October	1.728	1.583*	1.058	0.954*	1.573	1.416*	321.6	312.4	199.4	190.4
November	1.714	1.524	1.040	0.928	1.582	1.374	320.6	311.2	198.3	189.3
December	1.701	1.484	1.028	0.906	1.542	1.363	319.4	312.5	197.0	189.6
January 1985	1.656	1.438	1.003	0.889	1.503	1.324	322.1	309.6	197.9	187.5
February	1.692	1.449	1.032	0.907	1.517	1.306	328.1	308.3	200.9	186.3
March	1.719	1.509	1.043	0.946	1.538	1.314	333.8	308.3	203.9	185.7
April	1.684	1.524	1.002	0.953	1.543	1.355	332.3	311.0	202.1	186.7
May	1.608	1.559	0.994	0.976	1.496	1.372	331.7	313.9	201.0	187.6
June	1.595	1.583	0.953	0.995	1.472	1.421	333.1	317.5	201.0	189.0
July	1.638	1.599	0.986	1.007	1.483	1.448	336.1	320.2	202.0	189.9
August	1.627	1.649	0.974	1.043	1.465	1.496	338.0	323.8	202.5	191.3
September	1.577	1/687	0.917	1.076	1.441	1.542	339.8	327.8	202.9	192.8

	Non-Residential		Public Construction		Residential Construction	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	117.0	117.5	54.6	54.5	133.7	136.6
May	121.6	122.8	55.5	55.2	134.2	138.4
June	122.4	121.4	57.0	57.5	131.2	136.4
July	124.4	119.7	56.9	56.2	132.8	135.3
August	126.3	120.0	57.5	56.2	133.6	135.4
September	128.1	121.3*	58.2	56.7*	133.2	134.5*
October	130.3	122.2	58.7	57.3	132.6	132.9
November	132.5	123.0	59 1	58.0	129.0	130.2
December	134.8	124.1	59.6	58.3	125.0	130.1
January 1985	136.9	125.0	60.0	58.8	125.2	125.8
February	138.9	125.8	60.3	59.3	128.9	123.2
March	141.0	126.5	60.5	59.9	132.3	121.9
April	142.6	127.7	60.8	60.3	128.9	123.0
May	144.1	128.6	61.1	60.8	126.5	124.5
June	145.7	129.8	61.5	61.2	125.9	126.5
July	147.4	130.5	62.3	61.5	126.4	128.2
August	148.7	131.8	63.1	62.0	126.2	130.0
September	150.1	133.0	63.8	62.6	125.9	132.2

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PRICES

	CPI-U (seasonally adjusted)		PPI Finished Goods (seasonally adjusted)		PPI-Industrial Commodities (unadjusted)		Estimated GNP Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	309.0	309.0	291.6	291.4	322.5	322.6	221.69	221.76
May	309.6	309.6	291.5	291.5	323.3	323.3	222.25	222.43
June	310.1	310.1	291.4	291.4	323.9	323.9	222.98	223.01
July	311.1	311.0	292.2	292.2	324.3	324.0	223.55	223.85
August	312.0	312.4	292.8	291.9	325.0	323.5	224.16	224.49
September	312.9	313.5	293.3	291.3	326.3	322.3	225.01	225.17
October	314.5	314.9*	294.4	292.2*	328.4	323.9*	225.93	225.98
November	316.0	315.5	295.5	292.8	328.6	324.8	226.89	226.52
December	317.6	316.4	296.6	293.7	328.9	325.3	227.85	227.22
January 1985	318.9	317.5	297.5	294.7	330.6	326.0	229.11	228.40
February	320.2	318.9	298.4	295.7	332.4	327.5	229.93	229.36
March	321.5	320.1	299.6	296.6	334.1	328.9	230.75	230.28
April	323.0	321.3	300.8	297.6	335.2	329.5	231.63	231.12
May	324.6	322.5	302.0	298.7	336.4	330.3	232.60	231.98
June	326.3	323.7	303.5	299.5	337.5	331.0	233.62	232.83
July	327.4	325.1	304.1	300.8	339.0	331.9	234.54	233.79
August	328.5	326.3	305.0	301.8	340.8	332.8	235.41	234.72
September	329.7	327.6	306.1	302.9	342.6	332.3	236.30	235.69

	Consumption Deflator		Consumer Durables		Consumer Nondurables		Consumer Services		Implicit Construction Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	219.1	219.2	179.1	179.1	217.2	217.2	234.9	235.0	161.3	163.4
May	219.1	219.2	179.6	179.8	216.6	216.5	235.7	235.9	160.2	163.6
June	219.3	219.2	179.5	179.6	216.0	215.5	236.5	237.0	158.6	162.7
July	220.0	220.6	179.8	179.4	216.5	216.9	237.7	238.5	159.5	162.9
August	220.8	221.8	180.0	179.2	217.1	218.3	238.8	239.8	160.3	163.2
September	221.7	222.5*	180.2	179.3*	217.7	218.8*	240.0	241.0*	161.0	163.6*
October	222.5	223.3	180.5	179.7	218.4	219.2	241.1	242.2	161.3	164.1
November	223.3	223.7	180.9	180.3	219.0	219.2	242.1	243.3	161.7	164.4
December	224.2	224.4	181.3	180.7	219.6	219.5	243.0	244.5	162.1	164.8
January 1985	225.0	225.1	181.7	181.2	220.3	220.1	244.2	245.7	162.8	165.1
February	225.7	226.1	182.0	181.5	221.0	220.8	245.5	247.0	163.3	165.5
March	226.4	227.0	182.3	181.9	221.7	221.5	246.8	248.2	163.7	166.0
April	227.3	227.8	182.6	182.2	222.4	222.2	247.9	249.4	164.4	166.6
May	228.2	228.7	183.0	182.6	223.0	222.9	249.0	250.6	165.0	167.3
June	229.3	229.6	183.4	182.9	223.7	223.6	250.1	251.8	165.7	168.0
July	230.1	230.6	183.9	183.4	224.4	224.3	251.3	253.1	166.4	168.6
August	230.9	231.6	184.5	183.9	225.0	225.0	252.5	254.3	166.9	169.3
September	231.7	232.5	185.1	184.5	225.6	225.8	253.6	255.5	167.5	170.0

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MISCELLANEOUS

	Merchandise Trade Balance		Leading Indicators		Estimated GNP		Estimated GNP (1972 $)		IVA (annual rate)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1984	-10.95	-10.95	168.3	168.2	3618	3618	1632	1631	7.9	7.8
May	-7.62	-7.62	168.9	168.6	3643	3642	1639	1638	9.3	8.5
June	-7.72	-7.72	167.4	166.7	3679	3675	1650	1648	8.0	6.9
July	-9.42	-14.06	167.0	163.7	3705	3694	1657	1650	6.2	1.8
August	-7.63	-9.86	167.5	164.5	3725	3707	1662	1651	4.3	0.3
September	-8.78	-10.19*	168.2	164.4	3746	3715	1665	1650	3.6	-0.3
October	-8.93	-10.93	168.0	164.3	3768	3736	1668	1653	9.9	-1.4
November	-9.08	-10.17	168.5	164.9	3785	3764	1668	1662	16.7	0.7
December	-8.92	-10.53	169.5	165.6	3822	3790	1677	1668	19.9	1.8
January 1985	-7.85	-10.76	169.8	165.9	3847	3818	1679	1672	18.7	4.6
February	-8.63	-11.23	170.5	166.4	3875	3846	1685	1677	17.5	7.8
March	-10.32	-10.82	170.8	167.3	3914	3878	1696	1684	16.2	7.9
April	-8.86	-10.41	171.3	167.7	3928	3901	1696	1688	18.4	8.8
May	-9.25	-10.16	171.8	167.6	3952	3930	1699	1694	20.3	9.3
June	-9.02	-10.27	172.2	167.5	3977	3951	1702	1697	20.1	9.8
July	-8.95	-9.88	171.5	168.2	4002	3982	1706	1703	20.8	10.3
August	-8.82	-10.43	171.2	168.5	4029	4001	1711	1705	21.1	11.2
September	-8.76	-10.27	170.8	168.9	4055	4030	1716	1710	20.8	11.8

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